

EXHIBIT L

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

Form 10-QSB

**x QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934**

For the quarterly period ended June 30, 2007

OR

o TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from _____ to _____

Commission file number: 005-50985

GigaBeam Corporation
(Exact name of small business issuer as specified in its charter)

Delaware
**(State or other jurisdiction of
incorporation or organization)**

20-0607757
**(I.R.S. Employer
Identification No.)**

4021 Stirrup Creek Drive, Suite 400
Durham, NC 27703
(Address of principal executive offices)

(919) 206-4426
(Issuer's telephone number)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act)
Yes o No x

As of August 13, 2007, there were 6,762,997 shares of the issuer's common stock outstanding.

Transitional Small Business Disclosure Format (check one): Yes ☐ No ☒

GigaBeam Corporation
Form 10-QSB
For the Quarter Ended June 30, 2007
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Part I - Financial Information - Unaudited.**Item 1. Financial Statements - (unaudited)**

GigaBeam Corporation
Condensed Consolidated Balance Sheets
(Unaudited)

	June 30, 2007	December 31, 2006(a)
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 53,084	\$ 653,734
Accounts receivable, net of allowance of \$580,852 and \$533,766 at June 30, 2007 and December 31, 2006, respectively	1,189,826	807,500
Inventories, net of allowance of \$1,654,834 and \$933,554 at June 30, 2007 and December 31, 2006, respectively	4,230,506	7,621,574
Prepaid expenses and other current assets	219,035	568,711
Total current assets	5,692,451	9,651,519
Inventories - non current, net	1,999,983	—
Property and equipment, net	1,643,440	1,986,735
Other assets	455,347	445,630
Debt issuance costs	52,556	181,976
Total assets	\$ 9,843,777	\$ 12,265,860
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Current liabilities:		
Accounts payable	\$ 2,856,150	\$ 1,891,077
Accrued liabilities	1,267,587	1,416,716
Current portion of capital lease obligations	28,899	29,125
Convertible notes payable, net of discount	218,636	—
Notes payable, other current	651,866	—
Note payable, related party	65,000	—
Total current liabilities	5,088,138	3,336,918
Capital lease obligations, non-current	26,996	41,159
Convertible notes payable, net of discount	—	1,051,036
Total liabilities	5,115,134	4,429,113
Stockholders' equity:		
Series A redeemable preferred stock, \$0.001 par value, 20,000 shares authorized; 11,277 shares issued and outstanding at June 30, 2007 and December 31, 2006	11	11
Series B convertible preferred stock, \$0.001 par value; 20,000 shares authorized; 15,100 shares issued and outstanding at June 30, 2007 and December 31, 2006	15	15

Series C convertible preferred stock, \$0.001 par value; 10,000 shares authorized; 10,000 shares issued and outstanding at June 30, 2007 and December 31, 2006	10	10
Common stock, \$0.001 par value, 40,000,000 shares authorized; 6,680,540 and 6,099,279 shares issued and outstanding at June 30, 2007 and December 31, 2006, respectively	6,681	6,099
Additional paid-in capital	53,193,686	50,876,530
Accumulated deficit	(48,471,760)	(43,045,918)
Total stockholders' equity	<u>4,728,643</u>	<u>7,836,747</u>
Total liabilities and stockholders' equity	<u>\$ 9,843,777</u>	<u>\$ 12,265,860</u>

- (a) Condensed consolidated balance sheet as of December 31, 2006, has been derived from audited consolidated financial statements.

See notes to condensed consolidated financial statements

GigaBeam Corporation
Condensed Consolidated Statements of Operations
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2007	2006	2007	2006
Net sales	\$ 2,068,563	\$ 696,657	\$ 2,352,705	\$ 2,355,198
Cost of sales	1,709,697	267,556	1,871,789	1,753,190
Gross margin	358,866	429,101	480,916	602,008
Operating expenses:				
Research and development	850,557	1,290,675	1,506,438	2,632,357
General and administrative	894,338	2,009,840	2,109,671	3,543,383
Selling and marketing	395,625	1,361,636	955,063	2,536,456
Service, install and link operations	308,679	877,202	676,113	1,545,395
Total operating expenses	2,449,199	5,539,353	5,247,285	10,257,591
Operating loss	(2,090,333)	(5,110,252)	(4,766,369)	(9,655,583)
Other income (expense):				
Interest income	1,512	55,950	2,043	149,783
Interest expense	(225,966)	(288,636)	(661,516)	(618,002)
Loss before provision for income taxes	(2,314,787)	(5,342,938)	(5,425,842)	(10,123,802)
Provision for income taxes	—	—	—	—
Net loss	(2,314,787)	(5,342,938)	(5,425,842)	(10,123,802)
Series B convertible preferred stock dividend	(306,000)	(371,311)	(604,000)	(602,345)
Series C convertible preferred stock dividend	(216,000)	—	(400,000)	—
Increasing rate preferred stock non-cash dividend	(176,384)	—	(529,152)	—
Net loss allocated to common stockholders	\$ (3,013,171)	\$ (5,714,249)	\$ (6,958,994)	\$ (10,726,147)
Basic and diluted loss per share to common stockholders	\$ (0.46)	\$ (0.99)	\$ (1.09)	\$ (1.98)
Basic and diluted weighted average shares outstanding	6,480,280	5,749,024	6,381,597	5,419,978

See notes to condensed consolidated financial statements

GigaBeam Corporation
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Six Months Ended	
	June 30,	
	2007	2006
Cash flows from operating activities:		
Net loss	\$ (5,425,842)	\$ (10,123,802)
Adjustments to reconcile net loss to net cash used for operating activities:		
Amortization of debt discount and beneficial conversion feature	559,820	520,445
Provision for doubtful accounts	47,086	122,331
Increase in inventory provision for obsolescence	812,524	492,054
Increase (decrease) in reserve for warranty costs	(35,723)	146,000
Depreciation and amortization	315,504	241,378
Loss on sale of property and equipment	36,698	—
Non-cash compensation expense	655,386	1,383,407
Changes in operating assets and liabilities:		
Accounts receivable	(429,413)	(212,929)
Inventories	578,560	(4,848,539)
Prepaid expenses and other current assets	462,236	145,792
Deposits	(33,749)	(13,743)
Accounts payable	965,073	997,818
Accrued liabilities	(123,894)	(98,284)
Net cash used in operating activities	(1,615,734)	(11,248,072)
Cash flows from investing activities:		
Purchases of property and equipment	(3,279)	(657,708)
Acquisition of patents & intangibles	(18,650)	(72,865)
Net cash used in investing activities	(21,929)	(730,573)
Cash flows from financing activities:		
Repayments of capital lease obligations	(14,389)	(168,526)
Proceeds from note payable to related party	65,000	—
Exercise of common stock warrants	—	2,011,036
Exercise of common stock options	—	78,900
Series B convertible preferred stock dividend paid	—	(602,345)
Proceeds from note payable, other current	986,402	—
Net cash provided by financing activities	1,037,013	1,319,065
Net decrease in cash and cash equivalents	(600,650)	(10,659,580)
Cash and cash equivalents at beginning of period	653,734	12,726,986
Cash and cash equivalents at end of period	\$ 53,084	\$ 2,067,406

GigaBeam Corporation Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Six Months Ended	
	June 30,	
	2007	2006
Supplemental disclosures for cash flow information:		
Interest paid	\$ 2,908	\$ 64,585
Non-cash investing and financing activities:		
Conversion of convertible notes payable into shares of common stock	\$ 1,262,800	\$ 253,667
Conversion of Series B convertible preferred stock into shares of common stock	—	472
Fair value adjustment of options granted	\$ (180,664)	\$ 277,642
Fair value of warrants issued with common stock	\$ 368,874	—
Stock issued for Series B and Series C convertible preferred stock dividend	\$ 1,004,000	—
Non-cash increasing rate preferred stock dividend	\$ 529,152	—

See notes to condensed consolidated financial statements.

GigaBeam Corporation
Notes to Condensed Consolidated Financial Statements
June 30, 2007
(Unaudited)

1. Description of the Business:

The Company and its wholly-owned subsidiary, GigaBeam Service Corporation, designs, develops, markets, sells, leases, installs and services advanced point-to-point wireless communication solutions for commercial and government customers. The Company's communication links are capable of transmission speeds at or above one gigabit-per-second under the trade name "WiFiber®." The Company's products operate in the 71-76 GHz and 81-86 GHz spectrum bands. The Company's management believes that the unprecedented amounts of bandwidth provided by these spectrum blocks and the quality of its proprietary product designs will provide for wireless communications at previously unattainable fiber-equivalent speed and reliability.

The Company's solutions address the requirements of fixed wireless carriers, service providers, enterprises, and government institutions through broadband wireless networks. WiFiber, by providing the last mile access and backhaul, is complementary to both wireless fiber ("WiFi") and worldwide interoperability for microwave access ("WIMAX").

GigaBeam Corporation (the "Company") was incorporated under the laws of the State of Delaware on January 5, 2004. The Company's primary activities to date have consisted of securing financing, developing strategic alliances associated with the development of its technology, design, development and deployment of its Series GigE and WiFiber G Series GigE products as well as initial sales, marketing, production and installation of these products. In October 2004, the Company completed its initial public offering ("IPO"), generating net proceeds of approximately \$5,491,000. Since that date, the Company has completed various private placements of its debt and equity securities generating net proceeds of approximately \$37,123,602. Additionally, the Company has received approximately \$3,297,000 to date from the exercise of common stock purchase warrants and options.

Basis of Presentation

The condensed consolidated financial statements include the Company's accounts and those of its wholly-owned subsidiary, GigaBeam Services Corporation. Intercompany accounts and transactions have been eliminated in consolidation.

The accompanying unaudited condensed consolidated financial statements have been prepared in conformity with accounting principles accepted in the United States of America for interim financial information. Accordingly, they do not include all the information and notes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments and reclassifications considered necessary for a fair and comparable presentation have been included and are of a normal recurring nature. The accompanying condensed consolidated financial statements should be read in conjunction with the Company's most recent annual report on Form 10-KSB for the year ended December 31, 2006. The condensed consolidated results of operations for the interim periods presented are not necessarily indicative of the results to be experienced for the entire fiscal year.

2. Summary of Significant Accounting Policies: